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Matter No.: 469862

From: William R. Hansen

To: Company: Fax Number: Dhans Number:

То:	Company:	Fax Number:	Phone Number:
Bruce D. Johnson	Johnson & Associates	212 808 5536	212 808 9100

Number of Pages Transmitted (including this cover sheet): 5

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230 PARK AVENUE SUITE 1847 NEW YORK, NY 10169 (212) 850-6220, FAX (212) 850-6221

September 17, 2007

Via Facsimile and First Class Mail

Bruce D. Johnson, Esq. Johnson & Associates 950 Third Avenue New York, New York 10022

Re:

Applied Technology Limited v. Watermaster of America, Inc.

Civil Action No. 07cv6620 (LTS)

Dear Mr. Johnson:

I now have your letters of September 11, 14 & 16 (both letters), 2007 addressed to me to which I now respond.

We note that you will be appearing as counsel on behalf of Fetter & Henderson (Pty) Ltd. and John Fetter. We also note your client's duly filed answers to the counterclaims.

*

Further, in your September 11 letter, you state that I must withdraw as counsel of record in the matter based upon your allegation that I represented Mr. Fetter and Fetter & Henderson in a variety of matters in 1999 which you claim relate to the issues set forth in the case herein. In your September 14 letter, you dictate an ultimatum to me, the likes of which can only be described as a tactic to deprive my client of my representation in this

Bruce D. Johnson, Esq. September 17, 2007 Page 2

matter. Though we have shown only the utmost of professional courtesy to you to correct your activities which could be viewed as attorney malpractice, your September 14 and 16 letters confirm that your tactics are unfortunate. I and my firm must decline to withdraw as counsel in this matter.

Looking first at the December 21, 1999 statement of my former firm to Watermaster you provided, our client relationship was undoubtedly with Robert T. Morris and Watermaster of America, Inc. Whatever arrangements Watermaster made with Fetter & Henderson to pay for my former firm's legal services were part of their business arrangement. Beginning in April 1999 at the request of Mr. Morris, my former firm advised him and Mr. Fetter on certain patent applications to be filed jointly and a patent infringement claim involving a third party, Trojan Battery, which ended without litigation. My former partner, William Sapone, took the lead on these matters. Mr. Sapone maintained his relationship with Mr. Fetter and this patent practice when he left our firm in about the year 2000. I continued to represent Mr. Morris and Watermaster in their dealings with Mr. Fetter, Applied Technologies and Fetter & Henderson. No patent issues dealt with in 1999 or otherwise are material in this case.

The issues involving Mr. Fetter and Dr. Fetter's possible emigration to the United States were reviewed at Mr. Morris' behest and we referred any representation of the Fetters to McDermott, Will & Emery. As for the registration of the trademark MULTIFIL, this was done at the request of Mr. Morris with the understanding of Mr. Fetter that Mr. Morris' company would be the United States user of the MULTIFIL

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product. No trademark issues are involved in the case. For your information in the future, though, and because it may not be your area of concentration, it is well understood that a power of attorney ceases upon the registration of a Trademark. We refer you to the Trademark Manual of Examination Procedure §§ 602.04 and 1612. Also, please see 37 C.F.R. §2.18. Pursuant to these same regulations and statutes, any changes to the registration you reference must be made by the owner of the trademark. We welcome such an alteration to the records of the registration at this time. Nevertheless, please be advised that such an historical designation has no legal effect and establishes no present or ongoing relationship.

I had advised Robert Morris, who passed away in 2005, and his Watermaster business in his various dealings with Mr. Fetter and his various companies since the 1980s. Despite your statements to the contrary, I have never advised Mr. Fetter, nor received from Mr. Fetter, any confidential information relating to the issues involved in this litigation.

Regarding your letters of September 14 and 16,¹ it appears that much like the contentions within your letter of September 11, 2007, you are either misinformed or only partially informed regarding services performed by me either here or with other firms.

We understand that we as attorneys are often forced to depend upon the recollections and documents retained by clients who are determined in their hopes to have the courts address their grievances. We must, however, caution you as colleagues that further

¹ We note that we received your corrective communication as well as your revised letter.

NYDOCS 53203v2

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consultation with your client is clearly advisable before pressing this matter before Judge Swain.

We would welcome a conference at some point before your promised request of Judge Swain to disqualify me or my firm and in advance of any disciplinary proceedings you plan to initiate against me.

Very truly yours,

LATHROP & G♠GE L.C.

William R.)Hansen

WRH/wyc